

Management report to Council

Agenda item 6.6

Shrine of Remembrance request for new agreement and increased funding support

Council

Presenter: Jane Sharwood, Special Adviser

28 May 2019

Purpose and background

1. The Shrine of Remembrance (the Shrine) is seeking a new five year memorandum of understanding (MOU) and significant increase in the value of the Council's annual grant, from \$317,006 (2018-19) to \$800,000 consumer price index (CPI) adjusted, representing a 158 per cent increase in Council's grant.
2. Council has a long standing connection with the Shrine as a foundation benefactor and trustee. The *Shrine of Remembrance Act 1978* (the Act) requires Council to provide:
 - 2.1. Secretarial and administrative services to Shrine. Since 2006 this obligation has been met by Council approved grant and specific in-kind assistance.
 - 2.2. Payment for the supply of water to the Shrine reserve, paid through operations budget.
 - 2.3. Improvement and maintenance of parks and gardens in the reserve; paid through the parks contract.
3. Council agreed in 2014 to a five year MOU with the Shrine, and annual grant of \$295,000 plus CPI, expiring 30 June 2019. The full cost to Council in 2017-18 to meet its statutory obligations under the Act, was \$835,206.00 (refer Attachment 2).
4. The Shrine receives over one million visitors annually, who attend 160 commemorative services and a range of public programs as a result of the development of a visitor centre (2003), education centre (2005) and Galleries of Remembrance (2014). These activities are delivered by over 40 staff, assisted by 120 volunteers.
5. The Shrine holds an important place in Melbourne's urban environment by providing a focus for personal and community remembrance. Council, through its stewardship of this precious landscape, has ensured the original vision for the Shrine as a place of reflection, in a parkland setting that has been maintained and enhanced.

Key issues

6. The likely financial and operational impacts of major projects outlined in paragraph four were recognised in the *State Services Authority review* (2009). The Review recommended the Shrine develop a strategic long term funding framework which addresses assumptions that government funding would continue to fund all costs associated with Shrine activities. The recommendations included consideration of self-funding opportunities such as fundraising, visitor fees and retail sales.
7. The Shrine has proposed an expanded interpretation of Council's obligations and identified up to eight full time equivalent existing 'secretarial and administrative' staff that it considers should be funded by Council. It is management's view that this is an unreasonable interpretation of the intent of the Act.
8. The new five year MOU will ensure Council's grant is financially sustainable, used to fund staff to provide effective governance and financial stewardship for the Trustees and meet Council's obligations under the Act. The new MOU should ensure full acknowledgement of Council's significant financial support by paying the cost of water supply and parks and garden services for the Shrine of Remembrance reserve.

Recommendation from management

9. That Council:
 - 9.1. Approves a grant of \$333,000 for financial year 2019-20 to the Shrine of Remembrance trustees and pre-approves a grant \$333,000 for each year to financial year 2023-24 to discharge Council's obligations for secretarial and administrative purposes pursuant to the *Shrine of Remembrance Act 1978*.
 - 9.2. Notes that Council's grant will be used for staff roles that ensure Trustees receive effective governance and financial stewardship support in the delivery of their responsibilities under the Act.
 - 9.3. Notes the Memorandum of Understanding will require the full recognition of the costs borne by Council in meeting its statutory obligations under the Act.
 - 9.4. Notes the scope of Council's in-kind services will be negotiated and included in the Memorandum of Understanding, to ensure the Shrine complies with annual audit and reporting requirements and payroll functions.
 - 9.5. Authorises management under delegation to prepare a new five year memorandum of understanding with Shrine of Remembrance.

Attachments:

1. Supporting Attachment (Page 3 of 5)
2. Costs 2018-19 to fulfil statutory obligations under *Shrine of Remembrance Act 1978* (page 5 of 5)

Supporting Attachment

Legal

1. Section 7, 7A and 7B of the Act define the statutory obligations of the Council. The Act does not testify the specific level of funding to meet these obligations.
2. The Shrine's funding request proposes an expanded interpretation of Council's obligations under the Act, and identifies up to eight full time equivalents existing 'secretarial and administrative' staff, which it considers should be funded by Council, as part of a new five year funding agreement.
3. Management considers the Shrine's proposal as 'unreasonable' interpretation of the intent of Section 7 of the Act, given the wording of this section has remained unchanged since 1978.
4. Management recommends Council's grant should be directed to ensure staffing that deliver effective governance services and financial stewardship to the Shrine trustees.

Finance

5. The proposed annual grant to the value of \$333,000 comprising \$326,000 (cash) and \$7000 (sponsored use of the Melbourne Town Hall for Shrine volunteer luncheon) has been included in the draft 2019-20 budget. If Council agrees to a new five year MOU including the grant, the total forward commitment will be \$1.665 million over that five year period.
6. In 2017-18, the Shrine's overall operating budget was \$4.63 million, 80 per cent of which was funded via government grants, with Council's funds representing 8.6 per cent of the total. The Shrine's overall expenses in 2017-18 were \$8.11 million; salary costs (32 per cent), depreciation (44 per cent) and other costs (23 per cent).
7. The Shrine has requested the annual grant is indexed annually in line with the Consumer Price Index (CPI). The two previous MOU's, 2006-2007 to 2012-2013 and 2013-14 to 2018-19 were so indexed. It is not Council's current practise to apply CPI indexation to approved multi -year grants.
8. Funding to meet Council's obligations under the Act have been included in the draft Council 2019-20 budget being:
 - 6.1 Payment for the supply of water to the Shrine reserve (through operations budget).
 - 6.2 Improvement and maintenance of parks and gardens on reserve land (through parks management budget).
9. Management will negotiate the scope of in-kind services provided to ensure the Shrine complies with annual audit and reporting requirements and payroll services.

Conflict of interest

10. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Health and Safety

11. The *Public Administration Act 2004* applies to the Shrine of Remembrance trustees as a 'public entity'. The trustees have established an Occupational Health and Safety Committee, which monitors and responds to all relevant incidents for staff, volunteers and visitors, details of which are included in the Shrine of Remembrance annual report.

Stakeholder consultation

12. The Office of Veterans (Department of Premier and Cabinet), has confirmed the Shrine receives an annual operating grant \$2.4 million inclusive of an additional \$700,000 per annum, as a pre – commitment to 2020-21 (Victorian Budget papers 2017–18) in recognition of increased recurrent costs arising from Galleries of Remembrance.

Relation to Council policy

13. The Act states the Governor in Council, shall appoint ten peoples as trustees of the Shrine of Remembrance. The Lord Mayor of the Melbourne City Council or a Councillor of that Council, nominated by the Minister on the recommendation of the Council, serves as a trustee of the Shrine.

Environmental sustainability

14. In 2008, Council provided a contribution of \$125,000 as part of a municipality wide 'Drought proofing initiative' for the installation of a rainwater harvesting system at the Shrine. These tanks can hold up to 1 million litres of water, which is treated and added to irrigation system for the commemorative landscape surrounding the Shrine.

Cost to Council 2017-18 to fulfil obligations *Shrine of Remembrance Act 1978*

Obligation	Cost to Council (2017-18 year)
Secretarial and administrative services to the trustees	Council approved grant \$ 309,206 Use of the Melbourne Town Hall for Shrine volunteers function \$7000
Cost of water supply to the Shrine reserve	\$267,000
Improvement and maintenance of parks and garden in Shrine reserve (horticultural services, outdoor furniture and irrigation maintenance, staff contract management)	\$252,000
Total cost to Council (2017-2018)	\$835,206

Other in-kind services provided by the Council to the Shrine of Remembrance

Financial services	Including accounting and monthly reporting, payroll, assets register, preparation of statutory accounts, manage end of year audit processes with VAGO appointed auditor, mail and courier services
Administrative support	Mail and courier services
Marketing support	What's on' event listing, promotion of event and activities stories through Council's social media channels
Visitor services support	Distribution of Shrine brochures through the Visitor Services network, circulation of Shrine monthly e-newsletter to tourism supervisors, who provide daily briefings to 400+ tourism volunteers.
Financial support and fee-waivers for significant annual ceremonial events at the Shrine	Grant to the RSL (Victoria) for the ANZAC Day activities that are focused at the Shrine
Maintenance and capital works projects in the Shrine Reserve	Significant new capital works identified in the Domain Parklands master plan, including path renewals, stairs from St Kilda Road tram stop to the Shrine